



Gerald Edelman

Chartered Accountants

Company Registration No: 01529998 (England and Wales)

SKY GROUP OF COMPANIES PLC
AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 24TH MARCH 2010

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SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES
FINANCIAL STATEMENTS FOR THE YEAR ENDED 24TH MARCH 2010

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SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS

The directors submit their report and the audited consolidated financial statements for the year ended 24th March 2010

DIRECTORS

The following directors have held office since 25th March 2009

M L A Rose

N Rose

J Rose

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The principal activity of the group is property investment, dealing and development

BUSINESS REVIEW

The directors consider that the results are satisfactory and expect further suitable progress

RESULTS AND STATE OF AFFAIRS

The financial statements on pages 5 to 18 set out the consolidated results for the year ended 24th March 2010 and reflect the state of the company's and group's affairs at that date

DIVIDEND

The directors declared and paid interim dividends of £120,000 (2009 £120,000) during the year

FIXED ASSETS

Details of movements of fixed assets are shown in notes 10 and 11 to the financial statements. The directors have reviewed the open market values of the investment properties at 24th March 2010 and they consider them to have a value in excess of cost, but the cost of a professional valuation would not be justified

FUTURE DEVELOPMENTS

The directors intend to continue the development of the group's activities. The directors will pursue their established management policies and it is anticipated that there will be an effective response to the challenges of the coming year. Ongoing projects in the year ended 24th March 2010 have progressed and the group's results will reflect this in the coming years.

CREDITOR PAYMENT POLICY

The group's operating companies are responsible for agreeing the terms and conditions under which business transactions with their suppliers are conducted. It is the group's policy that payments to suppliers are made in accordance with those terms provided that suppliers also comply with all relevant terms and conditions. Details of the number of days' purchases represented by year end trade creditors are not given as there were no company nor group trade creditors at 24th March 2010.

SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS
(CONTINUED)

AUDITORS

The auditors, Gerald Edelman, are deemed to be re-appointed under section 487(2) of the Companies Act 2006

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT OF DISCLOSURE TO AUDITOR

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

ON BEHALF OF THE BOARD

Date 27 September 2010



M L A ROSE

CHAIRMAN

SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SKY GROUP COMPANIES PLC

We have audited the group and the parent company financial statements (the "financial statements") of Sky Group of Companies Plc and its Subsidiaries on pages 5 to 18 for the year ended 24th March 2010. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As described in the statement of directors' responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit the financial statements in accordance with the applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

QUALIFIED OPINION ARISING FROM LIMITATION IN AUDIT SCOPE

The group's investment properties have not been re-valued at the year end date as required by Statement of Standard Accounting Practice No 19. We have been unable to obtain any independent information to enable us to quantify the effects of this non-compliance on the financial statements.

Except for the effect of any adjustments that would be necessary in stating the investment properties at open market value, in our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 24 March 2010 and of its results for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY COMPANIES ACT 2006

In our opinion, the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

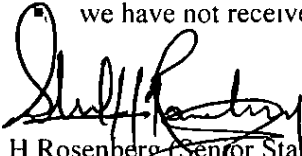
SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SKY GROUP COMPANIES PLC
(CONTINUED)

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



S H Rosenberg (Senior Statutory Auditor)
For and on behalf of Gerald Edelman

Chartered Accountants
Statutory Auditor

Date 27 September 2010
25 Harley Street
London
W1G 9BR

SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 24TH MARCH 2010

	<u>Note</u>	<u>2010</u>	<u>2009</u>
		£	£
Gross rental income		442,129	428,429
Net property outgoings		<u>(115,122)</u>	<u>(86,393)</u>
<u>Net revenue from properties</u>		<u>327,007</u>	<u>342,036</u>
<u>Gross profit</u>		<u>327,007</u>	<u>342,036</u>
Administrative expenses		<u>(135,881)</u>	<u>(133,735)</u>
		191,126	208,301
Other operating income		<u>5,475</u>	<u>5,479</u>
<u>Operating profit</u>	2	<u>196,601</u>	<u>213,780</u>
Share of operating profit/(loss) of associated undertakings		<u>435,778</u>	<u>(922,534)</u>
		632,379	(708,754)
Exceptional items	3	(1,883,944)	-
Other interest receivable and similar income	5	5,587	80,840
Interest payable and similar charges	6	<u>(401,895)</u>	<u>(297,863)</u>
<u>Loss on ordinary activities before taxation</u>		<u>(1,647,873)</u>	<u>(925,777)</u>
Taxation	7	<u>(381,412)</u>	<u>247,809</u>
<u>Loss for the financial year</u>	9	<u><u>(2,029,285)</u></u>	<u><u>(677,968)</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES

NOTE OF CONSOLIDATED HISTORICAL COST PROFITS AND LOSSES

FOR THE YEAR ENDED 24TH MARCH 2010

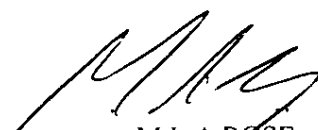
Note of historical cost profits and losses

	<u>2010</u>	<u>2009</u>
	<u>£</u>	<u>£</u>
Reported profit/(loss) on ordinary activities before taxation	<u>(1,647,873)</u>	<u>(925,777)</u>
Historical cost profit/(loss) on ordinary activities before taxation	<u>(1,647,873)</u>	<u>(925,777)</u>
Historical cost profit/(loss) for the year retained after taxation and dividends	<u>(2,149,285)</u>	<u>(797,968)</u>

SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AS AT 24TH MARCH 2010

	<u>Note</u>	<u>2010</u>	<u>2009</u>
		£	£
<u>FIXED ASSETS</u>			
Tangible assets	10	2,817,454	1,811,505
Investments	11	532,849	2,333,556
		<u>3,350,303</u>	<u>4,145,061</u>
<u>CURRENT ASSETS</u>			
Stock of properties	12	747,750	747,750
Debtors	13	298,415	148,855
Investments	14	100,000	
Cash at bank and in hand		346,325	1,679,656
		<u>1,492,490</u>	<u>2,576,261</u>
<u>CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR</u>	15	<u>(1,645,892)</u>	<u>(1,375,136)</u>
<u>NET CURRENT (LIABILITIES)/ ASSETS</u>		<u>(153,402)</u>	<u>1,201,125</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		<u>3,196,901</u>	<u>5,346,186</u>
<u>CREDITORS AMOUNTS FALLING DUE AFTER ONE YEAR</u>	16	<u>(350,000)</u>	<u>(350,000)</u>
		<u>2,846,901</u>	<u>4,996,186</u>
<u>CAPITAL AND RESERVES</u>			
Called up share capital	17	100,000	100,000
Other reserve	18	896,993	896,993
Profit and loss account	19	1,849,908	3,999,193
	20	<u>2,846,901</u>	<u>4,996,186</u>

The financial statements on pages 5 to 17 were approved by the board of directors on 27 September 2010 and were signed on its behalf by



M L A ROSE DIRECTOR
Company Registration No. 1529998

SKY GROUP OF COMPANIES PLC

BALANCE SHEET AS AT 24TH MARCH 2010

	<u>Note</u>	<u>2010</u>	<u>2009</u>
		£	£
<u>FIXED ASSETS</u>			
Tangible assets	10	2,930	3,446
Investments	11	302	302
		<u>3,232</u>	<u>3,748</u>
<u>CURRENT ASSETS</u>			
Debtors	13	3,379,318	1,868,304
Investment	14	100,000	-
Cash at bank and in hand		249,307	1,624,972
		<u>3,728,625</u>	<u>3,493,276</u>
<u>CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR</u>	15	<u>(1,858,942)</u>	<u>(1,709,930)</u>
<u>NET CURRENT ASSETS</u>		<u>1,869,683</u>	<u>1,783,346</u>
		<u>1,872,915</u>	<u>1,787,094</u>
<u>CAPITAL AND RESERVES</u>			
Called up share capital	17	100,000	100,000
Profit and loss account	19	1,772,915	1,687,094
	20	<u>1,872,915</u>	<u>1,787,094</u>

The financial statements on pages 5 to 17 were approved by the board of directors on 27 September 2010 and were signed on its behalf by


 DIRECTOR
 M L A ROSE
 Company Registration No. 1529998

SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES

CASH FLOW STATEMENT FOR THE YEAR ENDED 24TH MARCH 2010

	<u>Note</u>	<u>2010</u>	<u>2009</u>
		£	£
Net cash movement from operating activities	21	30,605	135,797
<u>Returns on investments and servicing of finance</u>			
Interest received		3,593	77,486
Interest paid		<u>(73,179)</u>	<u>(108,047)</u>
<u>Net cash movement from returns on investments and servicing of finance</u>		(69,586)	(30,561)
Taxation		(41,885)	(42,141)
<u>Capital expenditure and financial investments</u>			
Purchase of tangible fixed assets		(1,006,465)	-
Payments to acquire investments		(680,019)	-
Receipts from sale of investments		<u>254,019</u>	<u>-</u>
Net cash outflow for capital expenditure		(1,432,465)	-
<u>Equity dividends paid</u>		<u>(120,000)</u>	<u>(120,000)</u>
<u>Cash outflow before use of liquid resources and financing</u>		(1,633,331)	(56,905)
<u>FINANCING</u>			
<u>Debt due within a year</u>			
Net movement of other loans		300,000	-
<u>Debt due after a year</u>			
Bank loan		-	-
Decrease in cash in the year	22, 23	<u>(1,333,331)</u>	<u>(56,905)</u>

1 ACCOUNTING POLICIES

The principal accounting policies adopted are as follows -

a) Convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain investment properties, and in accordance with applicable accounting standards. The true and fair view override provisions of the Companies Act 2006 have been invoked, see 'Investments properties' below

b) Consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the parent company and its subsidiary undertakings, joint arrangements made up to the end of the financial year. The results of subsidiaries sold or acquired are included in the profit and loss account up to or from the date of the control passes. Intra-group sales and profits are eliminated fully on consolidation.

In accordance with Section 408 of the Companies Act 2006, a separate profit and loss account for the parent company is not included in these financial statements.

The group's interest in joint arrangements have been included in the financial statements on the basis of the group's share of assets and liabilities in the joint arrangements in accordance with Financial Reporting Standard No 9 Associates and Joint Ventures.

c) Associated undertakings

An entity is treated as an associated undertaking where the group has a participating interest and exercises significant influence over its operating and financial policy decisions.

In the group accounts, interests in associated undertakings are accounted for using the equity method of accounting. The consolidated profit and loss account includes the group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings based on audited financial statements. In the consolidated balance sheet, the interest in associated undertakings are shown as the group's share of the identifiable net assets, including any unamortised premium paid on acquisition. The consolidated financial statements for the year include the relevant share of the results of associated undertakings for the period to 30 June 2010, being the last available accounts.

d) Investment properties

In accordance with Statement of Standard Accounting Practice No 19 -

- i) Properties held for investment are periodically revalued. Where the revaluation is adopted in the group's financial statements the net surplus is transferred to the revaluation reserve.
- ii) No depreciation is provided in respect of the investment properties. The directors consider that this accounting policy, which is a departure from the accounting requirement of the Companies Act 2006, is necessary to ensure that the financial statements show a true and fair view.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24TH MARCH 2010 (CONTINUED)

e) Trading properties

f) Depreciation

Fixtures, fittings and equipment	- 15% reducing balance method
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g) Deferred taxation

Investment properties are held as long term investments and there is no intention to dispose of them. Therefore, no provision is made for the potential liability to taxation which would result in the event of realisation of the properties at the amounts at which they are stated in the financial statements.

h) Turnover

Turnover comprises amounts receivable from sale of trading properties, rents and service charge receivable net of Value Added Tax

1) Investments

Fixed asset investments are stated at cost less provision for diminution in value

SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24TH MARCH 2010 (CONTINUED)

2	<u>OPERATING PROFIT</u>	<u>2010</u> £	<u>2009</u> £
	Operating profit is stated after charging		
	Staff costs (note 4)	67,306	44,351
	Auditors' remuneration	18,135	23,854
	Depreciation	516	608
		<u>67,306</u>	<u>44,351</u>
3	<u>EXCEPTIONAL ITEM</u>	<u>2010</u> £	<u>2009</u> £
	Associate permanent deficit on revaluation of investment property	1,832,779	-
	Associate Loss on disposal of investment property	51,165	-
		<u>1,883,944</u>	<u>-</u>
4	<u>STAFF COSTS</u>		
a)	<u>Staff costs comprise</u>	<u>2010</u> £	<u>2009</u> £
	Wages and salaries	60,000	40,000
	Social security costs	7,306	4,351
		<u>67,306</u>	<u>44,351</u>
b)	<u>Employees</u>		
	The average number of employees, in administration, during the year was 3 (2009 - 3)		
c)	<u>Directors' remuneration</u>	<u>2010</u> £	<u>2009</u> £
	i) Directors' remuneration is included in staff costs and consists of -		
	Fees, including benefits in kind	<u>60,000</u>	<u>40,000</u>
5	<u>INVESTMENT INCOME</u>	<u>2010</u> £	<u>2009</u> £
	Bank interest	3,593	75,384
	Other interest	-	2,102
	Share of interest from associates	1,994	3,354
		<u>5,587</u>	<u>80,840</u>

SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24TH MARCH 2010 (CONTINUED)

6	<u>INTEREST PAYABLE</u>	<u>2010</u> £	<u>2009</u> £
	Bank interest	24,222	24,220
	Other interest	48,957	83,827
	Share of interest payable associates	328,716	189,816
		<u>401,895</u>	<u>297,863</u>
7	<u>TAXATION</u>	<u>2010</u> £	<u>2009</u> £
	Domestic current year tax		
	UK corporation tax	29,874	42,166
	Prior year adjustment	(281)	(25)
	Share of Associate	351,819	(289,950)
	Current tax charge	<u>381,412</u>	<u>(247,809)</u>
	Factors affecting the tax charge for the year		
	Profit/(loss) on ordinary activities before taxation	<u>(1,647,873)</u>	<u>(925,777)</u>
	Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21% (2009 28.00%)	<u>(346,054)</u>	<u>(277,733)</u>
	Effects of		
	Non deductible expenses	3,881	5,653
	Depreciation	108	170
	Capital allowances	(788)	(896)
	Tax losses utilised	-	(13,028)
	Other taxation adjustments	724,546	38,050
	Adjustments to previous periods	(281)	(25)
	Current tax charge	<u>381,412</u>	<u>(247,809)</u>
8	<u>DIVIDENDS</u>	<u>2010</u> £	<u>2009</u> £
	Ordinary interim dividends paid	<u>120,000</u>	<u>120,000</u>
9	<u>RETAINED PROFIT FOR THE FINANCIAL YEAR</u>	<u>2010</u> £	<u>2009</u> £
	The group Loss is attributable to		
	Parent company	85,821	127,989
	Subsidiary undertakings	(108,399)	(106,911)
	Associated undertakings	(2,126,707)	(819,046)
		<u>(2,149,285)</u>	<u>(797,968)</u>

SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24TH MARCH 2010 (CONTINUED)

SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24TH MARCH 2010 (CONTINUED)

10 TANGIBLE FIXED ASSETS

a) The Group

	<u>Total</u>	<u>Freehold investment properties</u>	<u>Fixtures fittings and equipment</u>
<u>Cost/valuation</u>	<u>£</u>	<u>£</u>	<u>£</u>
At 25 th March 2009	1,849,709	1,808,059	41,650
Additions	1,006,465	1,006,465	-
At 24 th March 2010	2,856,174	2,814,524	41,650
<u>Depreciation</u>			
At 25 th March 2009	38,204	-	38,204
Charge for the year	516	-	516
At 24 th March 2010	38,720	-	38,720
<u>Balance sheet as at 24th March 2010</u>	<u>2,817,454</u>	<u>2,814,524</u>	<u>2,930</u>
<u>Balance sheet as at 24th March 2009</u>	<u>1,811,505</u>	<u>1,808,059</u>	<u>3,446</u>

The group's freehold investment properties are included in the financial statements at cost which, in the opinion of the directors, these investment properties have a value in excess of cost but the cost of a professional valuation would not be justified

b) The Company

	<u>Total</u>	<u>Fixtures and fittings</u>
<u>Cost</u>	<u>£</u>	<u>£</u>
At 25 th March 2009 and 24 th March 2010	41,650	41,650
<u>Depreciation</u>		
At 25 th March 2009	38,204	38,204
Charge for the year	516	516
At 24 th March 2010	38,720	38,720
<u>Balance sheet as at 24th March 2010</u>	<u>2,930</u>	<u>2,930</u>
<u>Balance sheet as at 24th March 2009</u>	<u>3,446</u>	<u>3,446</u>

SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24TH MARCH 2010 (CONTINUED)

11 FIXED ASSET INVESTMENTS

a) <u>The Group</u>	<u>Associated undertakings</u> £
<u>Shares at cost</u>	
At 25 th March 2009	2,333,556
Additions	580,019
Disposals	(254,019)
Share of loss in associate	(2,126,707)
At 24 th March 2010	<u>532,849</u>

b) <u>Parent Company</u>	<u>Subsidiary undertakings</u> £
<u>Shares at cost</u>	
At 25 th March 2009 and 24 th March 2010	<u>302</u>

c) Details of fixed asset investments

The group's and the company's fixed asset investments and shareholdings therein are as follows

Company

<u>Name</u>	<u>Country of incorporation</u>	<u>Class of Shares held</u>	<u>Proportion shares held direct/indirect</u>	<u>Activity</u>
<u>Subsidiary undertakings</u>				
Sky Properties Limited	England and Wales	Ordinary	100%	Property dealing
Sky Invest Limited	England and Wales	Ordinary	100%	Property investment
Geoplanetary Investments Limited	England and Wales	Ordinary	100%	Dormant
Subject Properties Limited	England and Wales	Ordinary	100%	Dormant
<u>Associated undertakings</u>				
Riverview Holdings Limited	England and Wales	Ordinary 'B'	37 50%	Property investment
Alphaxa Limited	England and Wales	Ordinary	37 50%	Dormant
Citywoode Limited	England and Wales	Ordinary	37 50%	Dormant
Skyewoode Estates Limited	England and Wales	Ordinary	37 50%	Dormant
Vylake Limited	England and Wales	Ordinary	37 50%	Dormant
Sir John Lyons House Management Ltd	England and Wales	Ordinary	37 50%	Dormant
<u>Joint arrangements</u>				
Lloyds Wharf	England	-	70%	Property investment
Lordship Lane	England	-	50%	Property investment
Northcote Road	England	-	100%	Property investment

SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24TH MARCH 2010
(CONTINUED)

12	STOCK		The Group		Parent Company
		<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
		£	£	£	£
	Trading properties	747,750	747,750	-	-
		<u>747,750</u>	<u>747,750</u>	<u>-</u>	<u>-</u>
13	DEBTORS		The Group		Parent Company
		<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
		£	£	£	£
	Trade debtors	1,000	1,000	1,000	1,000
	Amount due from subsidiary undertaking	-	-	3,373,621	1,862,337
	Amount due from associated undertaking	250,000	100,000	-	-
	Other debtors	45,382	46,306	4,653	4,455
	Prepayments and accrued income	2,033	1,549	44	512
		<u>298,415</u>	<u>148,855</u>	<u>3,379,318</u>	<u>1,868,304</u>
14	INVESTMENTS		The Group		Parent Company
		<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
		£	£	£	£
	Other Investments	100,000	-	100,000	-
		<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>-</u>
	Directors' valuation of unlisted investments	101,330	-	101,330	-
		<u>101,330</u>	<u>-</u>	<u>101,330</u>	<u>-</u>
15	CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR		The Group		Parent Company
		<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
		£	£	£	£
	Other loan	1,550,000	1,250,000	1,550,000	1,250,000
	Corporation tax	29,874	42,166	9,308	21,185
	Other creditors	9,719	24,602	1,805	4,037
	Other taxes & social security	11,658	9,842	1,096	1,092
	Amounts due to subsidiary undertakings	-	-	273,426	404,604
	Accruals and deferred income	44,641	48,526	23,307	29,012
		<u>1,645,892</u>	<u>1,375,136</u>	<u>1,858,942</u>	<u>1,709,930</u>
16	CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		The Group		Parent Company
		<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
		£	£	£	£
	Bank loans	350,000	350,000	-	-
		<u>350,000</u>	<u>350,000</u>	<u>-</u>	<u>-</u>

The bank loan is secured by way of a legal mortgage over one of the group's investment properties

SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24TH MARCH 2010
(CONTINUED)

17	<u>CALLED UP SHARE CAPITAL</u>		<u>2010</u> £	<u>2009</u> £
	<u>Authorised, issued and fully paid</u>			
	100,000 Ordinary shares of £1 each		<u>100,000</u>	<u>100,000</u>
18	<u>OTHER RESERVE</u>		<u>The Group</u> <u>2009</u> £	<u>Parent Company</u> <u>2009</u> £
		<u>2010</u> £		
	Balance at 25 th March 2009	896,993	896,993	-
	Transfer to profit and loss account	-	-	-
	<u>Balance at 24th March 2010</u>	<u>896,993</u>	<u>896,993</u>	<u>-</u>
19	<u>PROFIT AND LOSS ACCOUNT</u>		<u>The Group</u> <u>2010</u> £	<u>Parent Company</u> <u>2010</u> £
	Balance at 25 th March 2009		3,999,193	1,687,094
	Profit/(loss) for the year		(2,029,285)	205,821
	Dividends paid		(120,000)	(120,000)
	<u>Balance at 24th March 2010</u>		<u>1,849,908</u>	<u>1,772,915</u>
20	<u>RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS</u>		<u>The Group</u> <u>2009</u> £	<u>Parent Company</u> <u>2009</u> £
		<u>2010</u> £		
	Profit/(loss) for the financial year	(2,029,285)	(677,968)	205,821
	Dividends paid	(120,000)	(120,000)	(120,000)
	Opening shareholders' funds	4,996,186	5,794,154	1,787,094
	Closing shareholders' funds	<u>2,846,901</u>	<u>4,996,186</u>	<u>1,872,915</u>
21	<u>RECONCILIATION OF OPERATING PROFIT TO NET CASH MOVEMENT FROM OPERATING ACTIVITIES</u>		<u>2010</u> £	<u>2009</u> £
	Operating profit		196,601	213,780
	Depreciation charges		516	608
	Movement in stocks		-	-
	Movement in debtors		(149,560)	(92,015)
	Movement in creditors		(16,942)	13,424
	<u>Net cash movement from operating activities</u>		<u>30,605</u>	<u>135,797</u>

SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24TH MARCH 2010
(CONTINUED)

22	<u>ANALYSIS OF CHANGES IN NET FUNDS</u>			25 th March <u>2009</u> £	Cash flow £	24 th March <u>2010</u> £
	Net cash					
	Cash at bank and in hand			1,679,656	(1,333,331)	346,325
	Debt due within 1 year			(1,250,000)	(300,000)	(1,550,000)
	Debt due after 1 year			(350,000)	-	(350,000)
	Net funds			<u>79,656</u>	<u>(1,633,331)</u>	<u>(1,553,675)</u>
23	<u>RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET DEBT</u>			<u>2010</u> £		<u>2009</u> £
	Increase/(decrease) in cash in year			(1,333,331)		(56,905)
	Movement in net debt			(300,000)		-
	Net movement in net funds in the year			(1,633,331)		(56,905)
	Opening net funds			<u>79,656</u>		<u>136,561</u>
	Closing net funds			<u>(1,553,675)</u>		<u>79,656</u>
24	<u>RELATED PARTY TRANSACTIONS</u>			<u>2010</u>	<u>2010</u>	<u>2009</u>
	<u>Party</u>	<u>Relationship</u>	<u>Transaction</u>	<u>Value</u> £	<u>Balance due from/(to)</u> £	<u>2009</u> <u>Balance due from/(to)</u> £
	Riverview Holdings Limited	Associated undertaking	Loan account	150,000	250,000	100,000

The group has taken advantage of the exemptions available whereby no disclosure is required for related party transactions and balances fully eliminated on consolidation

SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES

PARENT COMPANY'S PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 24TH MARCH 2010

	<u>2010</u>	<u>2009</u>
	£	£
<u>Turnover</u>	382,000	382,000
<u>Administrative expenses</u>		
Directors' remuneration	67,306	44,351
Insurance	900	825
Printing, postage, stationery and advertising	168	510
Telephone	2,646	2,559
Motor, travel and entertaining	32,757	32,330
Legal & professional	260	235
Audit fees	9,135	11,098
Bank charges	414	724
Sundry expenses	7,686	9,542
Depreciation	516	608
	<u>(121,788)</u>	<u>(102,782)</u>
<u>Operating profit</u>	260,212	279,218
Other interest receivable and similar income	3,593	73,758
Interest payable and similar charges	<u>(48,957)</u>	<u>(83,827)</u>
<u>Profit on ordinary activities before taxation</u>	214,848	269,149
Taxation	<u>(9,027)</u>	<u>(21,160)</u>
<u>Profit on ordinary activities after taxation</u>	205,821	247,989
Dividends	<u>(120,000)</u>	<u>(120,000)</u>
<u>Retained profit for the year</u>	<u>£ 85,821</u>	<u>£ 127,989</u>